

COMMITTEE ON JOINT SCHOOL BUILDINGS

May 5, 2003

Aldermanic Chambers

City Hall (3rd Floor)

Chairman Herbert called the meeting to order.

The Clerk called the roll.

Present: School Committee Members Herbert, Paradis, Beaudry
Aldermen Pinard, Garrity, Thibault

Messrs: Kevin Sheppard, Bob MacKenzie, Kevin Clougherty, Tom Donovan,
Alderman O'Neil, Alderman Lopez

Chairman Herbert addressed Item 3 of the agenda:

Discussion and action related to bond balances for various projects as follows:

330401 McLaughlin Middle School Addition
330501 School Capital Improvement Program
831200 School Capital Improvement Program
831299 School Energy Efficiency Improvements
513A94 Wilson School

Chairman Herbert stated if I could have Kevin from Finance come forward and Bob MacKenzie from Planning...if I could have our Finance Chair Mr. Donovan come forward and sit at the table too as well. The reason I'm asking that is because the Finance Chair may have a few questions in reference to what if any operating budget in fact there is and his committee needs to know that.

Kevin Sheppard stated all I need to say I believe is we agree with those bond balances being available, so I think that's probably what you need.

Chairman Herbert stated Mr. MacKenzie and Mr. Clougherty if you could just...I know you just did this once but I didn't follow it all sitting in the back of the room. If you could go ahead and make the explanations again, I'd appreciate it.

Bob MacKenzie stated there were a number of bond balances that have been reviewed by the IRS. The Finance Department has indicated that we have to expend those old balances. So we have tried to use those on a number of projects. One of the key projects, of course, was making the improvements to the Clem Lemire Complex at

Memorial High School and we would be recommending those five projects that are old school projects, that the bond balances be used towards that school side project. They total roughly \$76,000 between those five projects. In effect, since it was school projects before and we're recommending that they go to a school project, there would in theory be no changes to the debt service on either the City or the school side. Now we also did recommend as part of the meeting that you may have seen, some other changes, including some bond balances for school buses and a couple of other projects that would be applied to Clem Lemire. Not related to the action that you'd be taking. We did also recommend if the Board of Mayor and Aldermen do choose to make those, that they will also have to...we're recommending that transfer the debt service from the City side ledger in the operating budget to the school administration.

Chairman Herbert stated before you get into the second part of what you just explained, in reference to that \$76,000 here on the projects listed that's going to go towards Clem Lemire, it's about \$76,000 I think. What I want to make clear is or get on the record, we do have some projects that remain at McLaughlin, a few leaks here and there, we have a \$6,000 allocation we want to make sure it goes to security there for Mr. Robidas the City Security Officer, and Kevin, if I could get you on the record, my understanding is that you feel comfortable that you will have enough money on hand from other school related bonding projects to cover those needs we have this year.

Mr. Sheppard replied yes, there is a 2002 balance. They're looking at the older bonds here, and there's a 2002 balance of currently somewhere around \$300,000. That money was being used for Memorial High School, some of the kindergarten additions. We believe they'll be some balances in there. Some money may be needed at McLaughlin Middle School. Tim in talking to Karen Lafrancois original thoughts were to keep \$10,000, but with discussions with him I feel that the balances out of the 2002 bond can hopefully be reallocated if needed to be.

Alderman Garrity stated Kevin I'm looking under 1994 Wilson School and on the City side also, how do we end up with this money kicking around for ten years? Is there a quicker way to release it?

Kevin Clougherty replied I don't think so Alderman. It has been...what we need to do is make sure that we get the votes tonight so we can program the stuff and get it spent. That's the whole object of this exercise is to reallocate some of those older balances to things that really need to be done, and I can't explain why it hasn't been there or been reallocated. There's some projects that languish for a number of years because they're involved in a court settlement or there's retainage or there's a bankruptcy related to contractors, I'm not familiar with that one tonight to tell you what delay was. I can research it and let you know.

Alderman Garrity asked could you just follow up with a memo.

Mr. Clougherty replied sure.

Mr. Sheppard stated I might be able to...I know when we looked at it, Barbara Connor had thought that money had been transferred to the Parkside Middle School project. We didn't realize that balance was out there and I think that's what this whole project is working on is looking at these old balances. Typically we've been very good at bringing these projects to the Building & Sites Committee and the Joint School Building Committee when there's balances projected, reallocate that money. This just happens to be one that we didn't realize was out there. It was an older one that got missed.

Alderman Garrity asked Mr. Sheppard, would you know why up on the 20-year City you've got the landfill there for \$255,000, that's almost ten years old. Why was that kicking around?

Mr. Sheppard replied actually as you know we're under the Phase II landfill closure project. The City last year, I believe it was, increased those two bonds for the landfill closure, there's a \$13 million bond and there was this bond. We were looking at using that money for funds that weren't SRF eligible. The State's actually given us a loan for this. Nothing has been billed to that recently. There's been some pretty considerable cost savings in the landfill closure over the past year.

Alderman Garrity asked so that's the left over bond money from Phase I? Is that what you're telling me?

Mr. Sheppard answered Phase I/Phase II. They're basically one large project, two different contractors but based on the savings that we've had over the past year we felt in projecting forward now that we can see the light at the end of the tunnel, we're looking at this fall completing construction. We feel comfortable that there will be a balance there.

On a motion of School Committee Member Beaudry, duly seconded by Alderman Thibault, it was voted to reallocate the bond balances for McLaughlin Middle School Addition, School Capital Improvement Program, School Capital Improvement Program, School Energy Efficiency Improvements, and Wilson School the amount of \$76,188.71 to the Clem Lemire Complex.

Deputy City Clerk Johnson stated I just wanted to clarify that the action of the Committee actually is to close out the projects and find that the monies are surplus for allocation and you can also at the same time support the recommendations of transfers.

The physical transfers have to be done on the City side. They can't spend it until you say it's available to be spent and that's the reason for the...

Chairman Herbert stated Mr. MacKenzie now you can deal with the second part. I know you already explained once.

Mr. MacKenzie stated the second part was, there was a couple other City side monies that was going to go over the school projects. The biggest one being \$100,000 for school buses. We are recommending to the board, although I don't think we calculated the actual annual debt services on those, but we will be recommending to the Board of Mayor and Aldermen that if they do recommend those projects, that they should also recommend the annual debt service into the school administration budget.

Chairman Herbert asked and this recommendation would be made in the sense that it's ongoing however long indebtedness is incurred? That would be an annual transfer of X dollars to cover that. Would that be principal and interest just like a regular obligation?

Mr. Clougherty replied right. Once it's made once the amount continues so we asked them to take the action this year.

Chairman Herbert stated Mr. Donovan is our finance chair, I just wanted to make sure he was here if there were any questions he has.

School Committee Member Tom Donovan asked approximately how much is that on an annual basis?

Mr. Clougherty replied well you have an amount in your current proposal for the next fiscal year that was about I think \$114,000 to buy buses. You will not have to use that money for that purpose. Now you can reallocate that for something else. Because what we'll be doing is using these dollars. If you look at \$100,000 over a ten-year period you're talking like maybe \$20,000. I'm guessing that will be allocated from the City side to the school budget side. We'll go back and calculate that once we have all the approvals, we can...but it's not a lot. And I should say Mr. Chairman it doesn't affect the bottom line of the City because the tax rate stays the same, it's just taking it from the City side and allocating it to the school side, and has always been appropriated on the City side so there's no tax impact.

School Committee Member Paradis asked is that going to take care of the eight buses that we need? I believe there was eight buses that we needed for the school. That's not going to take care of that.

School Committee Member Donovan replied that would take care of one bus probably.

School Committee Member Paradis asked so we still have \$700,000 that we're going to have to allot, or allocate?

School Committee Member Donovan replied right and I don't have the figures in front of me about how many we were planning on buying in the operating budget for the current year.

School Committee Member Paradis stated I don't know why I had eight in my mind but that was back in March.

School Committee Member Donovan stated you might be right. For some reason I had six in my mind.

Mr. Clougherty stated Mr. Chairman I don't believe there's any, Carol correct me if I'm wrong, there's no action required by this board. What we've just talked about is informational. Unless you want to say you support it or something like that.

Chairman Herbert stated this whole issue is really the previous committee's responsibility. We're school buildings. I appreciate the courtesy though. Are there any other questions? We've got the Clem Lemire Complex covered.

School Committee Member Donovan asked is that the third item under the Clem Lemire Complex?

Chairman Herbert replied the Clem Lemire Complex from this Committee's perspective was that \$76,000. Am I correct? I mean it's obviously a lot more than \$76,000, but...

School Committee Member Donovan noted my only observation was on the larger \$1 million plus amount. I don't think that project has come before the full Board of School Committee for approval as a project. And that would have a budget impact obviously and I don't think that's... I know that hasn't come before us yet. It's just an observation.

Mr. Clougherty stated we'll have to talk to Karen and get back to you on that. We're proceeding that it has been or it's going to be and we'll confirm that with Karen tomorrow.

Chairman Herbert stated technically if my memory serves me correctly, the Clem Lemire Complex and the Memorial School project has been before the Building and Sites Committee at least one time. The issues were what kind of funding would we get on a yearly basis. We were very disappointed when I think the initial figure came in at a half million and essentially Parks & Recreation said this is no where near enough.

The fact that this proposal comes forward is good news. Mr. Donovan is saying that I think that the full board hasn't had a vote yet on the full scope of the funding as proposed today. But as far as the \$76,000, we've already voted that. So it is for our information. The Building and Sites Committee meeting tomorrow is getting a presentation, I believe for the second time from Parks & Rec reference to Memorial, but they're updating us in effect. And there's no new bonding involved, correct?

Mr. MacKenzie replied there will be new bonding for 2004, next fiscal year. That's in the next year's program although likely, and again I'd refer to Kevin, but probably the bond issuance for those would not be until later. So you may not have an impact on the debt service side until 2005. But there is proposed, and it will be going for the proposed 2004 CIP program to increase the project at Clem Lemire Project to about \$1.3 million.

Alderman O'Neil stated I think what we're looking at, and Parks may be able to help out, we're actually looking at Phase I which is the middle section of the complex to be at minimum about a \$2.5 million project. The direction staff has recommended is kind of making it two years of funding in order to meet that goal, because there was no way we're going to do. So we have approximately \$1.1 million this year and we'll need somewhere in the vicinity of \$1.4 next year. We're kind of making an early commitment on this so that we can do it all at one time, very quick, get the turnover limited in the number of months, and I think you'll see that in the presentation that Parks will make tomorrow night to the Committee. I think it's important that the Board of Mayor and Aldermen is looking for some direction from the Board of School Committee, is that the direction you want to go? Do you buy the scope of what they're going to present to you and if you do, then we'll have to break it into two years of funding and kind of make, not only commitments for 2004, but also for 2005.

Chairman Herbert stated we have already I know voted for Memorial program. I'll leave it at that. I think officially the board has already voted for the Memorial program.

Alderman O'Neil state but I think as the master plan is presented you'll see it's a little more expensive than we all thought, but it's the right way to go. Doing the project correctly.

School Committee Member Beaudry stated I have to say that as the Chairman of Athletics, Ron came before us and athletics voted the Memorial Complex is a number one priority. Building and Sites, which I also sit on, we voted, I believe at least once, possibly twice, that that's going to be the number one priority for the district. And when Ron came before us, I think the bonding money that we were looking at was anywhere between \$1.2 and \$1.5 million a year. And that was brought before the full board under Building and Sites. So it has been the top priority for us.

Alderman Garrity asked so am I correct to assume that it's been in front of the full Board of School Committee?

Chairman Herbert replied yes, actually the CIP list has been approved by the full board.

Alderman Garrity asked so the full board has voted on this project to make it the number on project? Is that right?

School Committee Member Paradis replied the consensus was the priority was the Clem Lemire Complex.

Alderman Garrity asked Mr. Donovan are you all right with that, because you said...?

School Committee Member Donovan replied I am not sure I've seen a number like that attached to it before, that's why I'm just being cautious. I know it's been an important priority of Building and Sites and Athletics, and I'm just concerned because in FY2005 under the design/build, we're going to incur \$2.5 million of debt service. Not in 2004 but in 2005, and so I don't know how we will be hit with debt service from this project in 2005. I'm not concerned about 2004; I'm concerned about 2005.

Alderman O'Neil stated if I may Mr. Chairman, I think that's the important discussion that the Board of School Committee has to have that this is a least a \$2.5 million project, just to do that Phase I. And it needs to be funded multi year and there has to be a commitment from both the Board of School Committee and the Board of Mayor and Aldermen to do that otherwise we're wasting our time. The \$1.1 really does nothing there. We're better to put it towards another project if that's the case.

Alderman Garrity asked Mr. Donovan you stated that in 2005 you have a \$2.5 million in debt service from design/build? Was that your statement just now?

School Committee Member Donovan replied right. That's what the Aldermen passed.

Alderman Garrity stated last week it was \$3.2 million, so have did it decrease by \$700,000?

Mr. Clougherty replied I don't think it did increase.

School Committee Member Donovan stated then I misspoke. I didn't remember what it was and he and I were whispering back and forth on what the exact number was...

Alderman Garrity stated I just wanted to see if the numbers have changed already, that's all.

Mr. Clougherty stated no, it hasn't Alderman. The point I'd like to make on the School Committee Member Donovan's concern is just because the bonds are authorized doesn't mean that we're going to issue them. Right now we have authorized but unissued bonds for about \$11 million worth of school projects, and more than that on the City side. So if we go out and issue debt, that money will be used to provide cash for any number of these projects, and the likelihood that they will have another spike in their debt service in 2005 because of this is something that again by our timing of bond issues, we can work with them so that the district isn't hurt in that regard and that's certainly something we'd be sensitive to and would try to factor into our bond issues accordingly.

Alderman Lopez stated I'd just like to say that a lot of negotiations have been going on about Memorial High School. I know the Chairman of the board, myself, Betsie DeVries, and a few others, Mr. Donovan, so I would hope in the spirit of cooperation that we don't have any particular lag in finding the necessary funds for Memorial High School to pay the debt. I agree with Kevin; it's not the debt immediately, but this is a major priority and this is only way to go in order to get Memorial High School done and I would hope that the Finance Committee of the School Board sees the wisdom to find the necessary funds in order to finance this particular project.

Chairman Herbert asked can we do a vote?

Deputy City Clerk Johnson replied I guess I was going to point out procedurally a couple of things from the Board of Mayor and Aldermen's perspective, and that is that in terms of the actions on the bond balances, those will occur tomorrow evening, but in terms of the new bonding that you're referring to in this discussion, those approvals by the Board of Mayor and Aldermen would not occur for some time to come. So certainly this School Committee would have adequate time to review the numbers and come to a consensus and I would hope, if they're going to support it or not support it, that they would then notify our board so that they can complete their action. I guess from understanding of your side of the fence, I guess School Building and Sites Committee might be an appropriate committee to bring that issue up to the School Board or the Finance Committee of the School Board. I'm not sure of your process.

Chairman Herbert stated I'd appreciate a motion that this Committee supports the proposal for the Clem Lemire Complex.

On a motion of Alderman Thibault, duly seconded by School Committee Member Beaudry, it was voted that the Committee on Joint School Buildings supports the proposed \$76,000 for the Clem Lemire Complex.

There being no further business to come before the Committee, on a motion of School Committee Member Beaudry, duly seconded by Alderman Garrity, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee